

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6749

BILL NUMBER: SB 228

DATE PREPARED: Dec 16, 2001

BILL AMENDED:

SUBJECT: Prior Authorization of Drugs under Medicaid and CHIP.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: X **GENERAL**
DEDICATED
X **FEDERAL**

IMPACT: State

Summary of Legislation: This bill prohibits the use of prior authorization for antianxiety, antidepressant, and antipsychotic drugs under Medicaid and the Children's Health Insurance Program (CHIP). The bill provides that this prohibition does not apply to a formulary or prior authorization program operated by a managed care organization under the Medicaid or CHIP programs. The bill also establishes procedures to follow for requiring prior authorization for other drugs under the Medicaid and CHIP programs. It also allows the Office of Medicaid Policy and Planning (OMPP) to place limits on quantities dispensed or the frequency of refills for any covered drug for the purpose of preventing fraud, abuse, waste, overutilization, or inappropriate utilization or to implement disease management. (The introduced version of this bill was prepared by the Joint Commission on Medicaid Oversight.)

Effective Date: Upon passage.

Explanation of State Expenditures: This bill places into statute certain limitations on prior authorization in the Medicaid fee-for-service and CHIP programs. These limitations are consistent with current practice and, thus, would result in no additional costs to the state.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP

Local Agencies Affected:

Information Sources: